

Committee on Ways and Means

GOP Tax Policy Benefits the Middle Class

In an interview with House Ways and Means Committee Ranking Member Charlie Rangel (D-NY), Bloomberg news reported Mr. Rangel “said he ‘cannot think of one’ of President George W. Bush’s first-term tax cuts that merit renewal.” (*Bloomberg*, “Rangel Vows Bipartisanship, Action on Trade as House Panel Head,” September 20, 2006)

One of those tax cuts is the 10 percent tax bracket, which benefits low- and middle-income taxpayers and created as part of the *Economic Growth and Tax Relief Reconciliation Act of 2001*. New calculations from the Joint Committee on Taxation, which provides Congress with non-partisan analysis of tax legislation, shows that not extending the 10 percent tax bracket past the current expiration date in 2010 would be a tax hike on 90.5 million American taxpayers. Not extending the 10 percent tax bracket would raise the marginal tax rate of 23 million American taxpayers by 50 percent.

- 46 percent of the benefit of the 10 percent tax bracket goes to those earning less than \$50,000 a year.
- 82 percent of the benefit goes to taxpayers earning less than \$100,000 a year.

Change in Federal Individual Tax Liability Attributed to the Extension of the 10% Bracket		
Calendar Year 2011		
Adjusted Gross Income	Returns (millions)	Tax Change (billions of \$)
Less than \$10,000	0.4	-1
\$10,000-\$20,000	8.8	-2.1
\$20,000-\$30,000	14	-5.4
\$30,000-\$40,000	13.4	-6.7
\$40,000-\$50,000	11	-6
\$50,000-\$75,000	19	-11.2
\$75,000-\$100,000	9.7	-5.5
\$100,000-\$200,000	11.4	-7.4
Greater than \$200,000	2.7	-1.9
Total	90.5	-46

Source: JCT

In total, according to the Treasury Department, GOP tax relief will have put \$1.1 trillion back in the pockets of American families by the end of 2006.

- GOP tax policy has exempted five million low-income taxpayers from the individual income tax.
- Unless all the 2001 tax cuts are extended beyond the current 2010 expiration date, the combined effect will mean a tax hike of almost \$200 billion on American families in 2011 alone.
 - 42 million families with children will see an average increase of \$2,084 if tax relief is not permanently extended.
 - A family of four with two children making \$50,000 today will see its taxes go up 132 percent in 2011, unless Congress acts to make the tax relief currently in place permanent.

For more information, go to: <http://waysandmeans.house.gov/ResourceKits.asp?section=2488>